

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH LOGAN WATER	)	
ASSOCIATION, INC., OF LOGAN COUNTY,	)	
KENTUCKY FOR A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY TO	)	CASE NO.
CONSTRUCT, FINANCE, AND INCREASE	)	2005-00338
CHARGES PURSUANT TO THE PROVISIONS OF	)	
KRS 278.023	)	

O R D E R

On August 22, 2005, South Logan Water Association, Inc. ("South Logan Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates and charges for a \$1,650,000 waterworks improvement project. This project consists of the installation of approximately 19.4 miles of water mains on eleven rural roadways, a booster pumping station, a 200,000-gallon elevated water storage tank, an upgraded telemetry system, and related appurtenances to provide service to approximately 17 new customers. Project funding consists of a \$780,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a \$520,000 grant from RD, and a \$350,000 State Budget Allocation grant.

South Logan Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing

requirements were met in the case on August 22, 2005, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. South Logan Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. South Logan Water's proposed plan of financing with RD is accepted.

3. South Logan Water is authorized to enter into an agreement with RD to borrow \$780,000 at an interest rate not to exceed 4.375 percent per annum.

4. The proceeds from the loan agreement with RD shall be used only for the purposes specified in South Logan Water's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, South Logan Water may use such surplus to construct additional plant facility if RD approves of the use, and the additional construction will not result in a change in South Logan Water's rates for service. South Logan Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. South Logan Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

7. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

8. Within 30 days of the date of this Order, South Logan Water shall file with the Commission its revised tariffs setting out the rates and charges approved herein.

9. South Logan Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

10. Three years from the effective date of this Order, South Logan Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 21<sup>st</sup> day of September, 2005.

By the Commission

ATTEST:

  
Executive Director

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00338 DATED September 21, 2005

The following rates and charges are prescribed for the customers in the area served by South Logan Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### Monthly Water Rates

##### 5/8" x 3/4" Meter:

First	2,000 gallons	\$19.80 Minimum Bill
Next	8,000 gallons	6.70 per 1,000 gallons
Next	40,000 gallons	6.44 per 1,000 gallons
Next	50,000 gallons	6.18 per 1,000 gallons
Over	100,000 gallons	5.93 per 1,000 gallons

##### 1" Meter:

First	2,000 gallons	\$38.50 Minimum Bill
Next	8,000 gallons	6.70 per 1,000 gallons
Next	40,000 gallons	6.44 per 1,000 gallons
Next	50,000 gallons	6.18 per 1,000 gallons
Over	100,000 gallons	5.93 per 1,000 gallons

##### 1 1/2" Meter:

First	2,000 gallons	\$55.30 Minimum Bill
Next	8,000 gallons	6.70 per 1,000 gallons
Next	40,000 gallons	6.44 per 1,000 gallons
Next	50,000 gallons	6.18 per 1,000 gallons
Over	100,000 gallons	5.93 per 1,000 gallons

##### 2" Meter:

First	2,000 gallons	\$85.70 Minimum Bill
Next	8,000 gallons	6.70 per 1,000 gallons
Next	40,000 gallons	6.44 per 1,000 gallons
Next	50,000 gallons	6.18 per 1,000 gallons
Over	100,000 gallons	5.93 per 1,000 gallons

3" Meter:

First	2,000 gallons	\$115.70 Minimum Bill
Next	8,000 gallons	6.70 per 1,000 gallons
Next	40,000 gallons	6.44 per 1,000 gallons
Next	50,000 gallons	6.18 per 1,000 gallons
Over	100,000 gallons	5.93 per 1,000 gallons

4" Meter:

First	2,000 gallons	\$150.00 Minimum Bill
Next	8,000 gallons	6.70 per 1,000 gallons
Next	40,000 gallons	6.44 per 1,000 gallons
Next	50,000 gallons	6.18 per 1,000 gallons
Over	100,000 gallons	5.93 per 1,000 gallons

Connection Charges

<u>Meter Size</u>	
5/8" x 3/4"	\$550.00
1"	650.00
1 1/2"	750.00
2"	900.00
3"	2,574.00
4"	3,445.00

Non-Recurring Charges

Reconnect/Disconnect Fee	\$25.00
Reconnect/Disconnect Fee (After Hours)	45.00
Inspection Fee (New Meter Sets)	25.00
Meter Re-Read (Reading Accurate)	25.00
Meter Test (Customer Request)	35.00
Returned Check Fee	25.00